

SUSTAINABILITY REPORT 2012/13

110,000

FARMERS TRAINED

4,540

TONNES OF CO₂
REDUCTIONS

28

GRADUATE
TRAINEES

About this report

Aimed at customers, investors, analysts, governments, other stakeholders and interested members of the public, this report focuses on the sustainability issues of greatest concern to our stakeholders and our business.

Our reporting is guided by the principles of materiality, inclusiveness and responsiveness. We use leading standards and methodologies for measuring and reporting impacts, such as the Greenhouse Gas Protocol and the Global Reporting Initiative (GRI). Further details on GRI indicators are available online in the GRI index of this report. This report has been assessed by GRI to meet application level C. It has not been externally validated.

This report includes data for the fiscal year 2012/13, ended August 31, 2013, pertaining to the sourcing, production, distribution and sales activities of Barry Callebaut. Environmental and safety data for the recently acquired cocoa business from Petra Foods, which was acquired on June 30 2013, will be included in next year's report.

We attach great importance to feedback and invite you to send comments, questions or requests for further information to:

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Taking sustainability to the next level

The past fiscal year has been transformational. With our acquisition of the cocoa business from Petra Foods, we are the world's leading chocolate and cocoa company. Our expansion means that we now have a stronger sourcing base in Southeast Asia and Brazil, next to West Africa. Our geographical footprint today spans production in 34 countries and four continents and delivery to over 100 countries.

As our business grows, expectations of Barry Callebaut rise, too. Since we strive to be the “heart and engine of the chocolate and cocoa industry”; we must help improve cocoa farming practices and livelihoods.

This is not altruism; it is critical to the future of our business. Demand for chocolate and cocoa continues to grow, yet production remains flat. And without more cocoa, there cannot be more chocolate. To safeguard the future of our business, we must make cocoa farming viable and attractive to farmers today and tomorrow. Sustainable cocoa is therefore one of the four pillars of our growth strategy, alongside Expansion, Innovation and Cost Leadership.

We believe that cocoa production will only be sustainable when farmers are able to follow responsible labor practices and safeguard the environment. They must hence be able to earn an equitable income and provide for the basic health and education needs of their families. With one in five Barry Callebaut employees working in a cocoa origin country, we are uniquely positioned to help drive meaningful change on the ground.

In 2012, we launched our 10-year cocoa sustainability initiative, Cocoa Horizons. This CHF 40 million program is designed to help improve farm productivity while benefitting everyone in our supply chain, from farmer to customer. Working directly with farmers and cooperatives, we are rolling out a comprehensive range of training, community and certification programs.

In this context, I am particularly excited by our new Cocoa Center of Excellence in Pacobo, Côte d'Ivoire. Opened in 2013, the Center is at the top of our cascade approach to equip farmers even in remote areas with practical know-how. In its first year of operation, the Center will instruct about 300 trainers. Once they are qualified, these trainers will cascade knowledge first to our two farmer acade-



Juergen Steinemann, CEO

mies and from there to our 575 farmer field schools across Côte d'Ivoire. By learning advanced practices, such as intercropping and soil remediation, farmers can improve crop yields and quality in order to boost their incomes. This will enable them to meet the basic education, health and wellbeing needs of their families.

Barry Callebaut intends to play a pivotal role in building a sustainable cocoa value chain, drawing on our industry leadership, as well as our on-the-ground experience in cocoa growing countries. There are many worthwhile activities underway in the cocoa supply chain. If these are not coordinated, however, their impact will be limited. To make progress, we need to bring all these activities and actors together. This is why we will organize the second CHOCOVISION conference, together with other partners in the value chain, in June 2014.

Within our own operations, too, we are working to embed sustainability. Our efforts are focused on two key areas: minimizing our environmental impacts and empowering our own people.

Since fiscal year 2008/09, we have reduced the energy and carbon intensity of our operations by nearly 20%. We are increasing the proportion of renewable energy we use.

Developing employees to their full potential is also key to achieving our business goals. We have implemented an ambitious program to recruit, develop and retain skilled talent. With around 1,700 colleagues joining us from the Petra Foods cocoa business, we are also working hard on developing and living a common and inspiring culture.

We still have a long way to go to make our business and our value chain more sustainable. Doing so will require leadership, innovation and a long-term perspective. Yet we are determined to make the necessary investments. Not only must we secure the future growth of our business, but we must also help to secure the livelihoods of cocoa farmers and the development of their communities.

As part of our commitment to transparency, this sustainability report has been written in accordance with the Global Reporting Initiative (GRI), the international framework for sustainability reporting. To improve further, we invite you to share with us any feedback you might have.

Juergen Steinemann
CEO



Who we are

Barry Callebaut is the world's leading manufacturer of high-quality chocolate and cocoa products. We operate 50 cocoa and chocolate factories in 34 countries and we sell our products to customers in over 100 countries.

The Company was founded in 1996 with the merger between the Belgian chocolate producer Callebaut (founded in 1911) and the French chocolate and cocoa company Cacao Barry (founded in 1842). The merger combined Cacao Barry's know-how in procurement and initial processing of cocoa beans with Callebaut's extensive experience in producing and marketing chocolate products. Since then, our company has grown both organically and through acquisitions, including Swiss chocolate maker Carma (founded 1931) in 1999 and the cocoa business from Petra Foods (founded in the 1950s) in 2013.



Cocoa growing

The cocoa tree only grows in equatorial climates. More than 5 million family farms across West Africa, Southeast Asia and Latin America produce nearly 4 million tonnes of cocoa beans every year.



Cocoa harvest and fermentation

When the pods are ripe, they are harvested and the beans are extracted. The cocoa beans are covered for 5 to 7 days to ferment and develop their flavor, after which they are dried in the sun for approximately 6 days.



Transport to the cocoa factory

The farmers bring sacks of cocoa beans to collection centers or intermediaries for weighing and quality checks. The beans are then sold and transported to one of our factories for further processing.

FROM BEAN TO CHOCOLATE

Barry Callebaut is fully integrated along the cocoa value chain and covers every step from sourcing and processing cocoa beans to manufacturing the finest chocolate:

- **Our cocoa business** – We source cocoa beans from origin countries around the equatorial belt, from smallholder cocoa farmers, cooperatives, but also via local exporters, intermediaries, traders and governmental bodies. We then process these beans into cocoa liquor, cocoa powder and cocoa butter. We use some of these products for our own needs in our chocolate business, and we sell the other part to customers in the confectionery industry.
- **Our chocolate business** – Using our cocoa products, we manufacture a broad range of chocolate products, including chocolate fillings, decorations and compounds. We source the hazelnuts used in our products directly or via the trade and procure refined sugar, milk powder, oils and fats mostly from third-party suppliers.

Barry Callebaut serves the entire food industry. We sell exclusively to other companies, making our activities entirely business-to-business. We focus on two distinct customer segments: food manufacturers who use our chocolate and cocoa products as ingredients in their branded or private-label consumer products; and artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers. The two global brands catering to the specific needs of these Gourmet customers are Callebaut® and Cacao Barry®.

Headquartered in Zurich, Switzerland, Barry Callebaut has been listed on the SIX Swiss Exchange since 1998. Nearly 60% of the company's shares are held by Jacobs Holding AG and members of the Jacobs family.



Cocoa processing

The beans are cleaned, dried, blended and broken to remove the shells. The nibs inside are roasted and ground to a fine mass, cocoa liquor, which can be used as an ingredient for chocolate or further processed into cocoa powder and cocoa butter.



Chocolate production

Cocoa liquor and other ingredients are mixed and pressed between rollers to form a fine powder. This chocolate powder is kneaded for hours in conches to smoothen its texture and develop aromas. Cocoa butter and lecithin are added to make the chocolate liquid.



Molding and delivery

The liquid chocolate is stored in large heated tanks so that it can be pumped later on and transported to industrial customers, or it is molded into shape and then packaged for transport and delivery to artisanal customers.



OUR BUSINESS ACROSS THE WORLD

Barry Callebaut sources cocoa from most cocoa growing countries around the world, including Côte d'Ivoire, Ghana and Indonesia, the three largest cocoa producers.

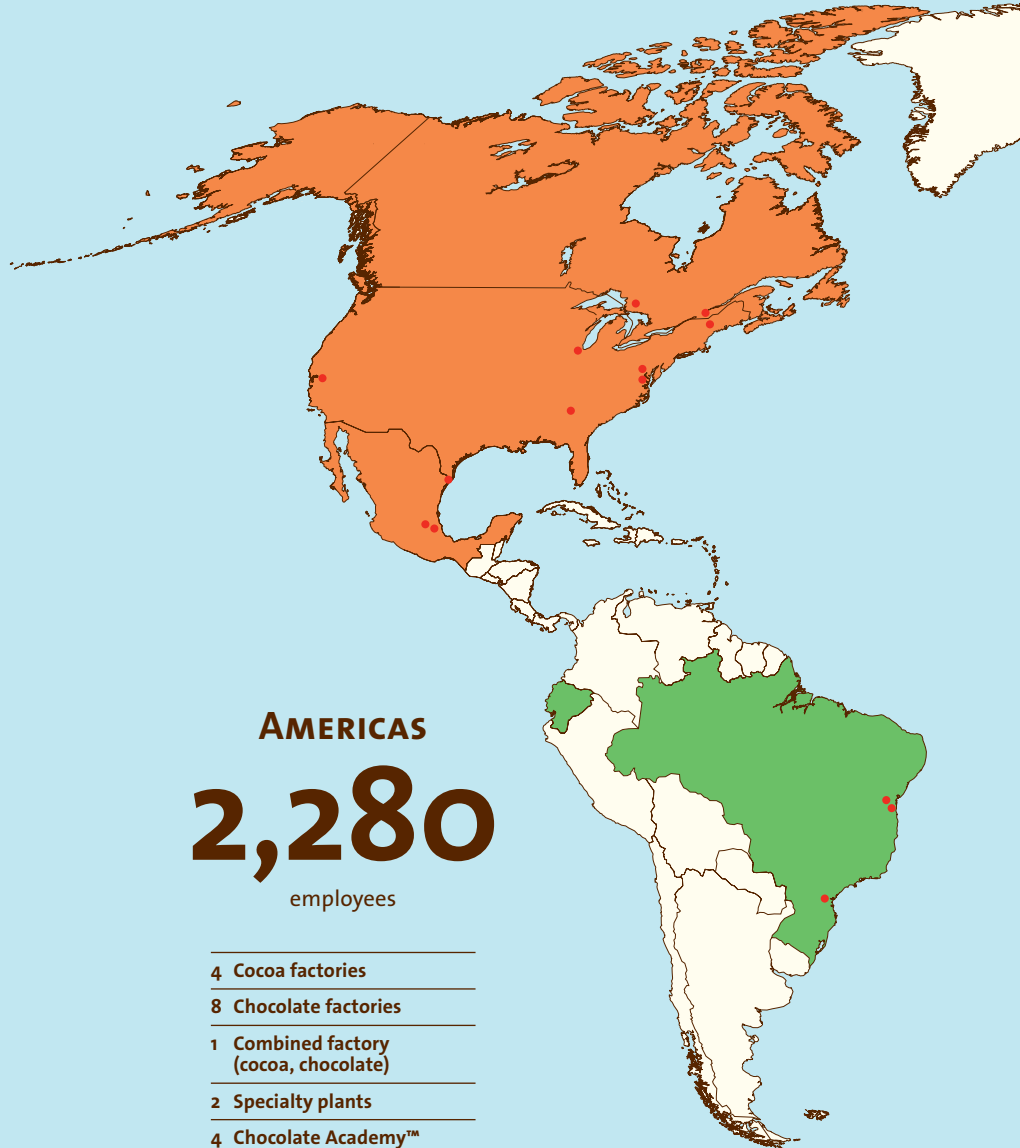
The cocoa value chain is generally fragmented and complex; it often involves intermediaries and varies from country to country. Our approach is to source as directly as possible from farmers and farmer cooperatives. This improves traceability and allows us to work more closely with them on improvement projects. Two-thirds of our cocoa (65% in fiscal year 2012/13, up from 26% in 2008/09) comes from direct sourcing; the remainder is bought from international trade.

We process part of the cocoa beans directly in origin countries such as Côte d'Ivoire, Ghana, Cameroon, Brazil, Mexico, Malaysia, and Indonesia. This generates local employment and income; it also makes our supply chain more efficient by reducing the transport of waste bean shells. The rest of the cocoa we source is processed in our cocoa factories in Europe, North America and Asia.

Our chocolate plants are located in chocolate consuming countries and close to our customers across Western Europe, EEMEA, the Americas and Asia-Pacific. We also operate 11 specialty plants, among them eight confectionery decoration plants.

In addition to our 50 production sites, we operate 25 research and development (R&D) centers and 15 Chocolate Academy™ demonstration and training centers, one global innovation center for chocolate and one for cocoa.

In fiscal year 2012/13 we employed 8,658 people, with about one in five located in an origin country.



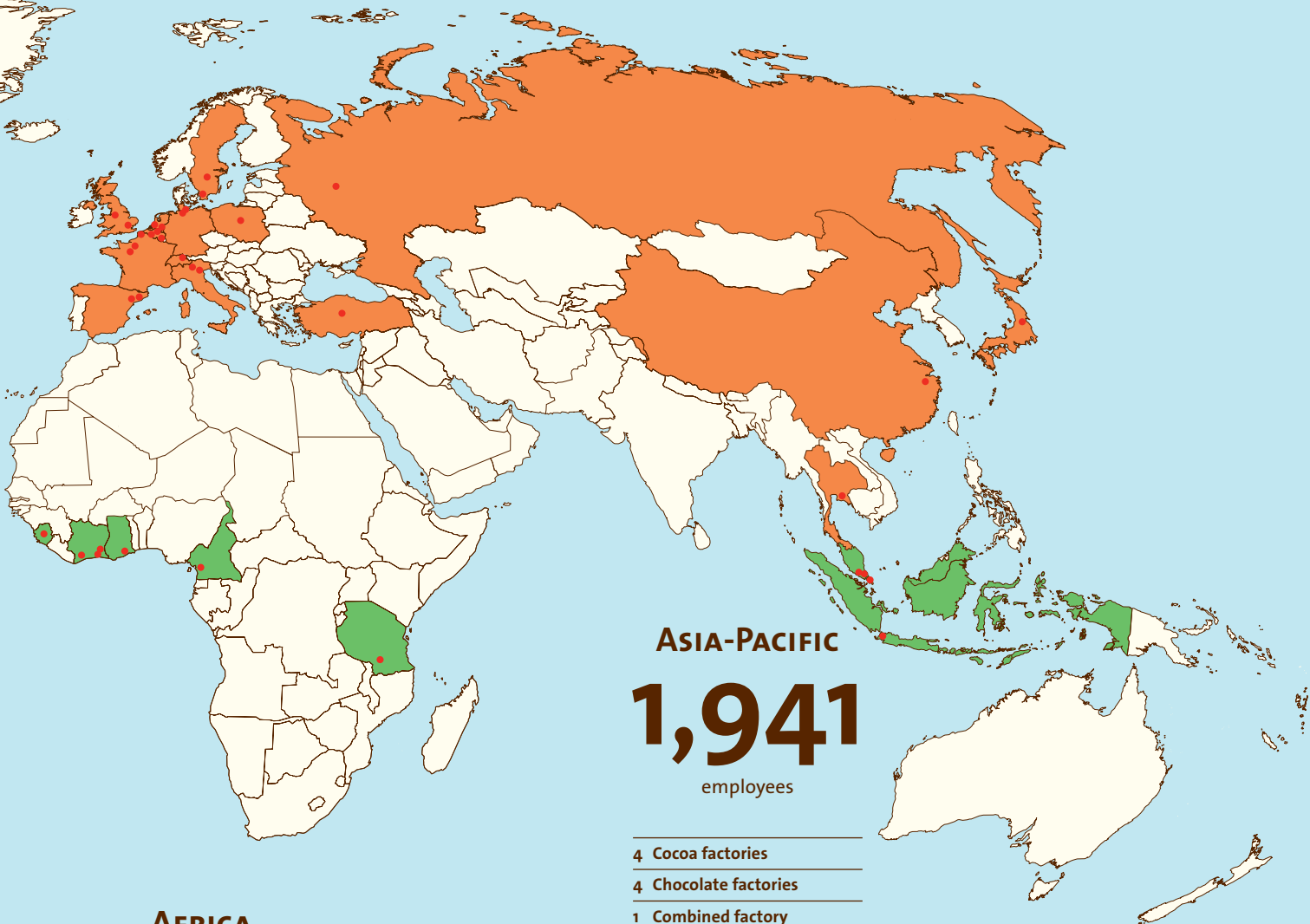
- Cocoa growing countries in which we have sourcing activities
- Countries in which we have production activities
- Production sites

EUROPE

3,651

employees

- 3 Cocoa factories
- 9 Chocolate factories
- 3 Combined factories (cocoa, chocolate)
- 8 Specialty plants
- 8 Chocolate Academy™ centers
- 13 R&D centers



ASIA-PACIFIC

1,941

employees

- 4 Cocoa factories
- 4 Chocolate factories
- 1 Combined factory (cocoa, chocolate, specialty)
- 3 Chocolate Academy™ centers
- 4 R&D centers

AFRICA

786

employees

- 5 Bean cleaning facilities
- 5 Cocoa factories
- 1 R&D center



Material issues

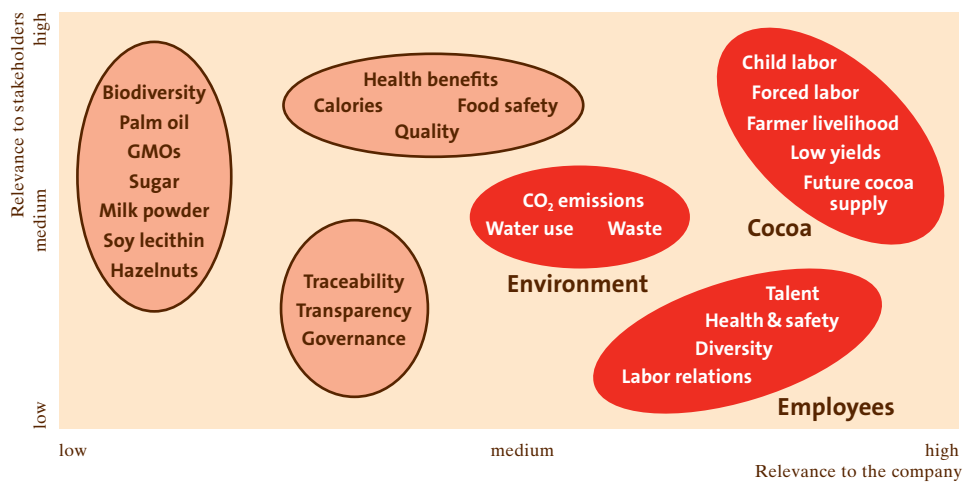
There are many players along the cocoa value chain. To be successful, we must engage these and other stakeholders so as to identify the key sustainability issues facing our business. Regular dialogue with stakeholders ranging from farmer cooperatives to customers and from investors to governments helps to inform our approach to these issues.

We are in regular dialogue with customers, investors, media, governments, industry associations, multi-stakeholder initiatives and NGOs and take into consideration their views, expectations or concerns on sustainability matters.

Issues which are deemed relevant to our stakeholders and our business are plotted in a materiality matrix (below). How we manage these issues depends on their relevance to both stakeholders and Barry Callebaut. Our level of engagement depends on how material the issue is to us and our stakeholders.

We concentrate our efforts on the issues where we can – and must – take a leadership position: the issues grouped together as Sustainable Cocoa. Sustainable Cocoa is key to our growth because cocoa is at the heart of what we do. Two other sets of issues are grouped as Employees and Environment, reflecting the other two of the three spheres of our sustainability strategy. In addition, we manage and report on all other issues identified as material, while we monitor those of lower relevance.

Issues materiality matrix





Tackling our key issues

Sustainability is about generating value for our business as well as our stakeholders and is embedded in our corporate strategy. We cannot achieve long-term business growth without contributing to a more sustainable cocoa sector, safeguarding the environment and unlocking the potential of our employees. In order to deliver on our sustainability strategy, we are integrating sustainability into the very fabric of our corporate culture.

Commitment to sustainability is enshrined in the Barry Callebaut Code of Conduct. Our values guide how we do business.

Our sustainability strategy focuses on three key focus areas which have been identified in our issues materiality matrix:

- **Sustainable cocoa** – Making our cocoa supply chain more sustainable is vital to our long-term business success. Without more cocoa, we cannot meet the rising demand for chocolate. As a result, this is not only the primary focus of our sustainability strategy, but it is also one of the four pillars of our corporate strategy, alongside Expansion, Innovation and Cost Leadership.
- **Environmental protection** – We work to minimize the environmental impacts from our business, particularly production and transport which form the greatest part of our environmental footprint.
- **Employee development** – We strive to give all employees a chance to realize their full potential. Attracting and retaining talent and preparing our future leaders is critical to Barry Callebaut's success.

The activities that we implement in each of these areas are described in the corresponding three sections of this report.

These programs cannot be separated from the way we are doing business. To be successful, sustainability must be woven into the fabric of our company. We are therefore working to integrate sustainability into every part of our business.

As the industry leader, we also have the responsibility to mobilize the chocolate and cocoa industry around key sustainability challenges. We therefore play a key role in multi-stakeholder initiatives and industry associations (see “Customers” p. 28 and “Partnerships” p. 29).

OUR VALUES

- Customer focus
- Passion
- Entrepreneurship
- Team spirit
- Integrity



Corporate Governance

We aspire to have good corporate governance that develops trust and engagement between Barry Callebaut and its stakeholders. This is essential to build a long-term sustainable business. To guide our corporate responsibility, we have built a robust framework of codes and policies.

Our sustainability agenda is driven from the top of the company. At corporate level, the cross-functional CSR Steering Committee is chaired by the CEO and includes the heads of each sphere of our Sustainability strategy, all members of the Executive Committee and top managers of Barry Callebaut. The CSR Steering Committee meets quarterly to define vision and strategy, launch programs and review progress.

Throughout the company, too, we are building accountability for delivering against our sustainability strategy. At each production plant, for example, there is a health and safety liaison as well as a climate champion.

Our policies

We have developed policies to set common standards across our global operations. These are binding for all employees at all levels of the organization. This year, we developed two new policies. The Fraud Response and Whistleblower Policy

CSR Steering Committee

CEO Juergen Steinemann¹	
President Global Sourcing & Cocoa Steven Retzlaff ¹	Chief Operations Officer Dirk Poelman ¹
VP Sustainable Cocoa Daudi Lelijveld	Head Corporate Communications Gaby Tschofen ²
Head Global HR Barbara Becker ²	Head CSR Communications Jens Rupp

1 Member of the Executive Committee.

2 Member of the Management team, reporting to the CEO.

stipulates that all fraudulent activities and corruption within the company will be investigated and followed up with appropriate sanctions taken. The Corporate Housing Policy sets forth rules and guidelines and defines responsibilities for the proper performance of all corporate formalities and duties across Barry Callebaut's over 90 legal entities across the globe.

Code of Conduct

The foundation for our corporate responsibility is Barry Callebaut's Code of Conduct. This Code documents the values and mission of the company. It underpins our standards and outlines the behavior required of employees and directors.

The Code details our support of the Universal Declaration of Human Rights, condemning practices such as forced labor, child slavery in the cocoa industry and all practices that exploit children or expose them to harmful or hazardous conditions, as well as applicable ILO conventions. Integrity is one of our company's core values and the Code strictly prohibits engaging in corrupt practices.

The Code of Conduct has been translated into 13 languages. All employees confirm in writing that they have read the Code and agree to uphold its provisions. Newly hired employees undergo training in our Code. Training sessions were conducted with staff and management at all major Barry Callebaut sites during fiscal year 2012/13. In addition, we aim to engage employees and stimulate dialogue around our Code. A fictional "Dilemma of the Month" is posted on our intranet, asking employees how they would and should behave, and we also regularly refer to our Code of Conduct in our quarterly staff publication.

Supplier Code

Since our sustainability impacts extend beyond our own operations, we must use our influence to address them. Our Supplier Code was updated in fiscal year 2012/13 and now includes the same expectations of our suppliers as those that we set ourselves. We have distributed the revised Code to all key suppliers.

Ensuring compliance

To ensure that we meet our standards, we regularly conduct comprehensive audits of all Barry Callebaut facilities based on risk evaluation. Evaluation of compliance practices is an important part of such internal audit reviews. We are currently strengthening our Compliance Program, using an Internal Control System (ICS).

Our new and independent online whistleblowing platform (www.bcintegrity.com) was set up in conjunction with the new Fraud Response and Whistleblower Policy. Reports can also be filed using an automated telephone system. This allows employees to report concerns anonymously and without fear of retaliation.

CORPORATE RESPONSIBILITY POLICIES

- Code of Conduct
- Corporate Housekeeping Policy
- Conflict of Interest
- Disclosure of Management Transactions Policy
- Environmental Policy
- Financial Disclosure Policy
- Fraud Response and Whistleblower Policy
- Health & Safety Policy
- Insider Trading
- Internal Regulations

New whistleblowing platform
www.bcintegrity.com



Sustainable cocoa

Cocoa is grown in remote equatorial areas of Africa, Southeast Asia and Latin America. More than 5 million smallholder cocoa farmers (of which almost 1 million in Côte d'Ivoire) produce nearly 4 million tonnes of cocoa per year. Enabling farmers to improve their productivity, income and livelihoods, is at the heart of our Sustainable Cocoa strategy.

For cocoa production to be sustainable, we believe that farmers must be able to earn an equitable income; engage in responsible labor practices; safeguard the environment through sound agricultural practices; and have the means to provide for the basic health and education needs and general well-being of their families.

Barry Callebaut has identified three gaps that separate current reality from sustainable cocoa farming: knowledge, materials and funding. Firstly, there is a need for more training in good agricultural practices to enable farmers to improve productivity and generate more income. There is also a lack of adequate plant materials, fertilizers and pesticides available to farmers. Finally, many farmers have insufficient access to funds to invest in pesticides and fertilizers, as well as yield enhancement practices such as grafting. Barry Callebaut is working on solutions to close all three of these gaps.

110,000

FARMERS
trained



THE COCOA CENTER OF EXCELLENCE FOR ADVANCED FARMER PRACTICES

Barry Callebaut inaugurated its first Cocoa Center of Excellence in Pacobo, Côte d'Ivoire, in July 2013. During its first year of operation, the center will train around 300 trainers. In addition to the training facility, the center includes a model farm to demonstrate optimal farm management practices, including advanced techniques for increasing crop yields and quality. The Center of Excellence will also be used as an R&D center. The cocoa training curriculum includes modules on good agricultural practices, post-harvest management techniques, optimal use of inputs, crop diversification, farm rehabilitation and grafting, as well as basic business skills. Trainers for the farmer field academies and farmer field schools will also receive instruction at this center.



We offer field training in good agricultural practices and responsible labor practices which help farmers grow healthy and productive cocoa trees.

Our main cocoa farmer program QPP (Quality Partner Program) was established in Côte d'Ivoire in 2005. It was designed to improve the quality of cocoa farms through farmer training, the quality of cocoa beans through improved production practices, and the quality of life for farmers and their families through access to basic health care and education. QPP was extended to Cameroon in 2010. Today, in Côte d'Ivoire, we have a team of more than 50 Barry Callebaut employees on the ground working with 73 QPP cooperatives and training some 40,000 cocoa farmers per annum.

In Tanzania, the Biolands enterprise (of which Barry Callebaut owns a major share) offers agricultural training, seedlings and equipment to some 20,000 farmers so they can produce certified cocoa (Organic, Fair-for-Life, Rainforest Alliance). The model has been replicated in Sierra Leone (33,000 farmers) and Côte d'Ivoire (17,000 farmers).

In 2012, building on the success of QPP and Biolands, we launched the CHF 40 million Cocoa Horizons initiative to bring farmer engagement to the next level. Cocoa Horizons aims to address the three key gaps in knowledge, materials and funding that are seen as the main obstacles to a sustainable cocoa supply chain.



Many customers seek assurance regarding the social and environmental conditions in the sourcing and production of chocolate. Barry Callebaut is a leading global supplier of certified products of all major certification schemes



UTZ Certified
Mission: Responsible production and sourcing of certain commodities, ensuring traceability.



Rainforest Alliance
Mission: Conserve biodiversity and ecosystems and ensure sustainable livelihoods for producers.



Fairtrade
Mission: Fairer international trade for disadvantaged producers and workers to combat poverty.



Organic
Mission: Farming in harmony with nature, protecting the environment, enhancing animal welfare and creating new opportunities for the rural community.



RSPO Palm Oil
Vision: Transform markets to make sustainable palm oil the norm.

Cocoa Horizons is built on three pillars: farmer practices, farmer education and farmer health.

Farmer Practices

The Cocoa Horizons program aims to double the yield per hectare of cocoa farmers (+800 kg/ha) by 2018 and to significantly improve cocoa quality. Five work streams are underway: training infrastructure; model farms; Yield Enhancement Services; Controlled Fermentation; and certification.

- **Training infrastructure** – Barry Callebaut inaugurated its first Cocoa Center of Excellence in Pacobo, Côte d’Ivoire, in July 2013 and will train 300 trainers and co-op administrators in the first year of operation. In addition, we will set up two farmer academies in more remote communities in 2013/14 to provide advanced training in those areas.
- **Model farms** – We have established 17 model farms to date, 12 in Côte d’Ivoire and 5 in Brazil. These farms demonstrate on the ground how to rehabilitate degraded farmland and develop profitable, high-yielding enterprises.
- **Yield Enhancement Services** – This advanced-level training goes beyond good agricultural practices, assisting farmers in the use of fertilizer, provision of plant material, effective pest and disease management and the importance of biodiversity on farms.
- **Controlled Fermentation** – Providing farmers with a fermentation mixture helps to produce consistently high quality cocoa beans (see p. 15). To date, 9,000 farmers have been trained in controlled fermentation in Côte d’Ivoire and Cameroon, and receive a premium for producing these higher quality beans.
- **Certification** – Based on customer requirements, we ensure that cocoa cooperatives and farmers are equipped to grow cocoa in compliance with certification standards. In addition to our own QPP system, Barry Callebaut supplies cocoa products compliant with the most popular certification standards (see left). In fiscal year 2012/13, 30,000 farmers were trained and certified at 575 farmer field schools, producing over 36,000 tonnes of certified cocoa. The Biolands entreprise delivered an additional 9,000 tonnes. In 2013, Barry Callebaut initiated the largest sustainable cocoa program in Cameroon in collaboration with the Rainforest Alliance. As a result, 1,000 farmers are now Rainforest Alliance certified.



CONTROLLED FERMENTATION TECHNOLOGY FOR HIGHER-QUALITY COCOA BEANS

While bean fermentation normally happens spontaneously in the bush or on the cocoa farm, Barry Callebaut has developed an innovative method called Controlled Fermentation to control and optimize cocoa fermentation. This patented technique involves adding a 100% natural fermentation mixture to the cocoa beans at the start of the process (picture) and results in zero-defect beans. By contrast, conventional fermentation leaves up to 20% of beans defective – which have to be removed manually. The technology also intensifies cocoa flavors – key attributes of premium chocolate – and helps to preserve healthy functional components which are naturally present in the cocoa bean.

This new technique is being introduced in tandem with training for farmers in Controlled Fermentation and Good Agricultural Practices. To date, 9,000 cocoa farmers have been trained in Controlled Fermentation. The greater quantity and superior quality of the cocoa also result in higher farmer incomes.

In keeping with our goal to transfer research results into innovative products, Barry Callebaut sells chocolate made from these zero-defect beans. Terra Cacao™ chocolate is made from beans from Côte d'Ivoire, Cameroon and West Java and has won several innovation awards. In 2013, we also launched three pure-flavor chocolate couvertures made with “Q-fermented” cocoa under the Cacao Barry™ brand, our global premium brand in the Gourmet segment.



Barry Callebaut received the 2013 “Sustainable Standard-Setter” award from the Rainforest Alliance for its collective sustainability efforts over the past years.



COCOA

Farmer Education

Barry Callebaut's Farmer Education program aims to develop and train the next generation of cocoa farmers. The program has five areas of focus:

- Provide cocoa curriculum
- Support literacy, life skills and vocational training
- Help to empower women and girls
- Contribute to educational infrastructure
- Support child labor sensitization activities

During fiscal year 2012/13, Barry Callebaut completed the following education projects in Côte d'Ivoire, Ghana, Cameroon and Brazil:

- In Côte d'Ivoire, Barry Callebaut built and inaugurated two rural primary schools in the villages of Mossi Carrefour and Djahakro. The schools, fully funded by Barry Callebaut, are part of a three-year project recognized by the Child Labor Cocoa Coordinating Group (CLCCG) for contributing to the elimination of the worst forms of child labor. We also supported child labor awareness-raising activities with 530 farmers and teachers in 13 communities and distributed 875 school kits to children of farmers participating in QPP. Another rural primary school has been built in Abokro in collaboration with The Hershey Company, and was inaugurated in October 2013 (see story). We have now built a total of eight rural primary schools in Côte d'Ivoire, providing 24 new classrooms for 1,200 children.
- In Ghana, we funded the construction of housing units for teachers, equipped with solar-powered lighting. With funding from customers, we also furnished a library and a fully equipped computer lab at a junior high school.
- In Cameroon, we expanded a primary school, adding four furnished classrooms.
- In Brazil, we funded educational programs serving 143 children of farm workers on five cocoa plantations.



ABOKRO PRIMARY SCHOOL

Addressing a critical community need in the western cocoa-growing region of Côte d'Ivoire, Barry Callebaut and The Hershey Company joined forces to build a primary school and facilities for community learning and farmer training. The new school has enrolled approximately 150 children of primary school age from 24 nearby hamlets and villages.

Farmer Health

Remote cocoa farming areas often lack medical facilities and access to clean water. We work with farmers and communities to improve access to water and basic health care services.

- In Côte d'Ivoire, Barry Callebaut previously built a medical center in Goh village. In fiscal year 2012/13, we built an infirmary at the primary school in Abokro funded by The Hershey Company. We distributed nearly 1,300 mosquito nets and sponsored almost 1,000 vaccinations. To date we have funded ten boreholes and water systems and we will subsidize access to water filters that turn untreated water into safe drinking water.
- In Cameroon, we built a borehole with a cistern at a rural school and distributed 1,200 mosquito nets.
- In Ghana, we are working to improve sanitation facilities. at rural schools.

Improving the lives of children

Child labor is an issue of great concern in cocoa farming communities and across the industry. According to the ILO, the most pressing child labor concerns in the cocoa industry are related to safety and the limited access to education. While we recognize that children around the world may help out on the family farm, Barry Callebaut strongly condemns forced labor, slavery, human trafficking and all practices that exploit children or expose them to harmful or hazardous conditions.

Poverty is the underlying cause of unsound labor practices and abusive child labor. We believe that improving the livelihoods of cocoa farmers is imperative in tackling this. For more than a decade, Barry Callebaut has worked with other companies in the cocoa and chocolate sector, along with government agencies and NGOs, to eradicate the worst forms of child labor from farms in the cocoa-growing regions in West Africa (see "Cocoa Partnerships").

We do not own cocoa farms, but source cocoa directly from farmer organizations and offer farmers training in good agricultural practices to increase yields per hectare and improve quality. In parallel, we help communities provide better access to education and basic health care services.

In our farmer training programs, child labor sensitization is an integral part of the curriculum. In addition, we build schools in the communities where we do business. The Child Labor Cocoa Coordinating Group (CLCCG) has commended the Barry Callebaut project to build education infrastructure and provide child labor sensitization to community members as well as training on food production and nutrition for women. CLCCG recognized the project for contributing to the eradication of the worst forms of child labor in Côte d'Ivoire.

2,500
MOSQUITO NETS
distributed



Environmental Protection

As a fully integrated chocolate company with suppliers, operations and customers around the globe, we are very conscious of the environmental impacts of our value chain. As a result, Barry Callebaut is making concerted efforts to reduce these impacts.

Since our business depends on agricultural crops, it is in our own interest to contribute to environmental protection. Most of our products rely on raw materials sourced from renewable natural, agricultural resources. These materials include cocoa, sugar, dairy products and, to a lesser extent, oils, vanilla, lecithin and nuts. Pollution and environmental degradation threaten the quality and purity of these materials, as well as the productivity of farms.

As our main business is cocoa, promoting good agricultural practices is the key driver towards more environmentally-friendly farming (see “Sustainable Cocoa”, p. 12).

Carbon emissions from our operations form the largest part of our carbon footprint. As a result, we focus our greatest efforts on reducing energy usage and greenhouse gas emissions in production and transportation. In addition, we work to improve water use, waste disposal and transport. Our Environmental Policy and our Code of Conduct define the company’s priorities for reducing environmental impacts. We have set five-year targets and implemented projects to improve our performance.

Environmental goals and progress

Indicator	5-year Target	Result 2012/13	
Energy savings (GJ/t of activity)	20% by 2013/14 vs 2008/09	23%	Energy activity slightly decreased from 269 to 264, savings are still 23% ahead of target.
CO ₂ reductions (t CO ₂ /t of activity)	20% by 2013/14 vs 2008/09	20%	CO ₂ activity decreased slightly from 70.6 to 69.2, target is almost achieved.
% renewable energy	20% by 2013/14	20%	We reached our target to use 20% of renewable energy.
Water savings (l/t of activity)	20% by 2016/17 vs 2011/12	(-14%)	Water use activity increased 14%.

Reducing greenhouse gas emissions

Climate impacts of our chocolate products result mostly from the emissions linked to the farming of our raw materials (35–80 % depending on composition). In particular, milk powder and other dairy products have a high carbon footprint. The energy used in production facilities comes second (20–40 %), while transport accounts for the remainder (5–20 %). We currently focus our efforts on the last two, where we have operational control.

Reducing our carbon footprint requires a dual approach. First, we aim to reduce the use of energy. Second, we are switching from fossil fuels to renewable energies, such as biomass.

Barry Callebaut is close to achieving its five-year target to reduce relative emissions by 20 % by 2013/14. The company participates in the Carbon Disclosure Project to measure emissions using the Greenhouse Gas Protocol methodology.

Carbon footprint of our operations

Emission sources (t CO ₂ e)	2012/13	2011/12	2010/11	2009/10	2008/09
Scope 1 emissions					
Natural gas	58,601	59,000	63,471	60,029	53,423
Heating oil	2,113	3,409	1,593		
Scope 2 emissions					
Electricity	162,454	155,916	145,665	168,219	138,527
Total Scope 1 & 2	223,168	218,325	210,729	228,248	191,950

CO₂e emissions calculated for our production facilities as per the Greenhouse Gas Protocol. Emissions from electricity based on IEA factors. Emissions from renewable biomass burning are excluded from the total.

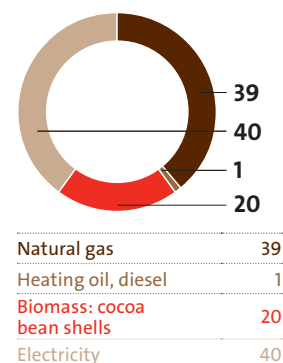
Saving energy in factories

In fiscal year 2012/13, we achieved our five-year target to reduce our relative energy consumption by 20 %. Energy use per tonne of activity decreased by almost 2 % to 0.953 GJ/t vs previous year.

Energy-saving activities include:

- energy monitoring software
- process optimization (stopping wastage, reducing leaks, improving output)
- technological innovation (new conching technology, see p. 20)
- training and awareness.

Energy use in our operations, by source in %





ENVIRONMENT

At each site, one person has been designated to drive climate protection efforts. These climate champions have clear targets to meet which are also linked to variable compensation.

Renewable sources of energy

In the past year, we achieved our target of sourcing 20 % of our energy from renewable sources. In origin countries, we now use cocoa shells as biomass to generate energy for bean roasting. This produces up to 100 % of these sites' heat requirements (see p. 21).

Some of the renewable energy we use comes from electricity sourcing. We calculate the percentage of grid electricity generated from renewable sources at 16 %. In our Swiss operations, we have started to purchase renewable energy from hydro power.

Reducing waste

Waste reduction has been integrated into the continuous improvement program One+. Our approach is to focus on our main waste streams, as this is where the biggest improvement can be realized. The War on Waste program at selected sites identifies the key sources of waste and ways to reduce or eliminate them. We take a dual approach, reducing the total amount of waste generated and seeking alternative uses for waste that cannot be avoided. In some processing plants in origin countries, we burn waste bean shells to produce energy and replace fossil fuels (see story).

We set targets based on analysis of the main waste streams in each site. For example, we improved the sorting process in bean cleaning, as well as the flushing process to reduce material flushed.



NEW CONCHING TECHNOLOGY USES 30 % LESS ENERGY

The smooth textures and rich flavors of chocolate are the result of a lengthy mixing process called conching. Barry Callebaut has developed an innovative conching technology that reduces energy use by more than 30 %. This new technology also incorporates several enhancements previously tried and tested by our teams over the years. We confirmed the viability of the new technology on an industrial scale at our chocolate factory in Poland and will introduce the new technology at our largest chocolate factory in Wieze, Belgium, in late 2013. This technology will also be incorporated in all future facilities.

Optimizing logistics

To reduce carbon emissions from transport, we are optimizing the flow of raw materials and finished goods. Much of our cocoa-grinding capacity, for example, is located in origin countries, close to where cocoa grows. This reduces the volume to be transported by 18 % and allows more direct routes to some customers. We also work to maximize the loads of trucks and containers, reaching the maximum weight limit for containers with cocoa products.

Conserving water

Our operations are typically not located in water-scarce areas; nor are they considered to be large users of water. Nevertheless, we intend to reduce our water footprint and our target is to use 5 % less water each year per tonne of activity. Water consumption is closely monitored at all Barry Callebaut plants, and in fiscal year 2012/13 we used 1.89 million m³ of water, or 0.57 m³/tonne of activity. Since this did not meet our target, we will be stepping up the water-saving projects that are already underway. These include switching from wet-cooling to dry-cooling systems which use air instead of water.



FROM WASTE BEAN SHELLS TO ENERGY

All Barry Callebaut's cocoa processing factories in origin countries now use discarded cocoa bean shells as a source of heat. Using a process first introduced in Côte d'Ivoire, this generates up to 100 % of the steam needed for cleaning and processing. This has the dual benefit of reducing waste and replacing fossil fuels, thereby reducing our carbon footprint. In European and American factories, bean shells are sold to make soil improvement material. This is then used in agriculture as a substitute for peat and other organic materials.



EMPLOYEES

Developing our employees

Barry Callebaut has experienced strong growth in the past several years, most recently with the acquisition of the cocoa business from Petra Foods, which increased our workforce by 1,700 new colleagues. We must develop and promote our people so that they can fulfill their potential. We must also offer a workplace that is fair, healthy and positive. Only by doing so, can we attract and retain the skilled talent that we need to achieve our business goals.

At the end of fiscal year 2012/13, Barry Callebaut employed 8,568 employees across 34 countries. This is the result of acquisitions, as well as organic growth. We are also creating new jobs. In the past year, we expanded existing factories and built three new production facilities in Indonesia, Turkey and Japan, while another one is under construction in Chile. Temporary employees represented only 5.8 % of our total workforce in fiscal year 2012/13.

As set forth in our Code of Conduct, we are committed to providing employees with the opportunity to realize their full potential. We support them at every stage of their career through services, programs and benefits.

At the international Human Resources conference in April 2013, HR managers from 19 countries discussed, explored and redefined their mission and identity as “Architects of Talent, Leadership and Culture.”

Talent management

Our Talent Management Process helps employees to focus on – and prepare for – the next step in their career. Our goal is to fill 70 % of our key positions with internal candidates.



DEVELOPING TOMORROW'S LEADERS

As a springboard for an international career, the two-year graduate program Yourfuture@BC recruits, trains and develops top young graduates from around the world. In 2012/13, there were 28 graduates enrolled in the program. Participants report that they find the program professionally, socially and emotionally enriching and a great start for their career. To date, 78 % of graduates have accepted a permanent contract with Barry Callebaut. Barbara Manbor, from Chile (picture), is one of these graduates.



Employees at one of the management training courses at Marbach.

Across the organization, we offer a wealth of training programs. These include technical and on-the-job skills development, as well as quality, health and safety courses. Managers and white collar staff are offered management programs, our Marbach Development Programs, as well as support for advanced degrees to promote leadership and growth. In fiscal year 2012/13, we expanded our curriculum to 16 programs at our own training and development center in Marbach, Germany and four in Chicago and trained 355 employees. In September 2013, we conducted the first program in Singapore, including colleagues from the newly acquired cocoa business from Petra Foods.

To reinforce our values in an integrated manner, we are rolling out a global training plan for Supply Chain and Operations colleagues. This integrated program includes human resources, good management practices, environmental health and safety, and quality.

Winning Together

Barry Callebaut fosters team spirit through programs that engage employees in active lifestyles and community development.

Our global Winning Together initiative, for example, encourages employees to support our development activities in cocoa communities in origin countries. The program was set up in 2005 and the focus of this year’s initiative, called “Water for Life”, is to improve access to safe, clean water for farmer families. As a result, we will be providing water filters to rural schools and some 1,500 families in Côte d’Ivoire and Cameroon.



Clean, filtered water can save lives. Employees across our business helped to provide water filters to rural schools and families in West Africa.



EMPLOYEES



“TEAM UP FOR SAFETY” DAYS IN WIEZE

More than 500 employees attended the two-day event “Team up for safety” at our largest chocolate plant in Wieze, Belgium. Employees participated in interactive booths which each covered a different topic: health and safety policy, first aid, fire prevention, personal protection, ergonomics, traffic safety, work clothes, rolling material, work instructions and cleanliness.

Chairman’s Award

Introduced in 1995, the annual Chairman’s Award recognizes long-service employees who have demonstrated outstanding performance as well as a strong commitment to their community. Eleven colleagues were honored with the Chairman’s Award this year (see Annual Report 2012/13, p. 26).

A safer workplace

To promote a culture of safety, each plant has appointed a health and safety liaison. These people coordinate safety meetings, train new hires, conduct annual refreshers and handle concerns. Approximately 54 % of our workforce is represented in health and safety committees. In origin countries, we offer HIV/AIDS education to employees and their families.

In fiscal year 2012/13, our rates of injury, occupational disease, lost days and absenteeism were very low. Average accident frequency and seriousness rates both declined – the former by 5.3 % to 18.3 accidents per million hours worked; the latter by 5.6 % to 0.37 lost days per 1,000 hours worked. We aim to continue reducing accidents and injuries in every plant across our business.

Promoting fair labor

Barry Callebaut is committed to providing equal employment and promotion opportunities to all employees. We do not tolerate any form of discrimination based on gender, ethnic origin, religion, sexual or political orientation. These principles are enshrined in our Code of Conduct. We aim to build an inclusive workplace and are encouraged to see a small but growing proportion of women in management.

Across our organization, we support freedom of association in line with local laws and regulations. More than half (51.6 %) of all permanent contract employees are covered by a union or a collective bargaining agreement. In Ghana, our employees are unionized and covered by a Collective Bargaining Agreement. In Côte d’Ivoire, employees also have a union. Our management helps to organize meetings and regularly meets with employee representatives.

Employee diversity

	Gender		Age			Total
	Female	Male	<30	30–50	>50	
in %						
Blue collar	12.3	87.7	24	58	18	4,906
Admin. & professional	48.0	52.0	26	60	14	2,850
Management	26.4	73.6	4	73	23	795
Senior management	9.6	90.4	0	64	36	94
Executive	15.4	84.6	0	54	46	13
Total	25.3	74.7	23	60	17	8,658

As part of business development, restructuring may sometimes be necessary, leading to redundancies. In 2012, chocolate production in Great Britain was consolidated, with the Chester capacity relocated to Banbury. The 25 affected employees were all given compensation in excess of legal requirements and assistance was offered with CV preparation, job application and training.

In Côte d'Ivoire, we gained Sedex certification in November 2012. Sedex, the Supplier Ethical Data Exchange, is a not-for-profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. Certification includes provisions on forced labor and child labor.

Benefits to employees in origin countries

Barry Callebaut supports employees at every stage of their career with services, programs and benefits. As a company with operations in developing economies, we understand the importance of assisting our employees locally, based on their specific needs. In cocoa growing countries, our programs cover a broad range of services, including medical care, housing and education (see table).

Employee support services in cocoa growing countries

	Brazil Ilheus	Brazil Itabuna	Brazil Extrema	Côte d'Ivoire Abidjan	Côte d'Ivoire San-Pedro	Côte d'Ivoire Sintra	Cameroon Douala	Ghana Tema	Malaysia Port Klang	Malaysia Pasir Gudang	Mexico Monterrey	Mexico Toluca	Mexico Mexico City
Start year of operations	1993	1979 (Delfi Cocoa)	2010	1964 (Cacao Barry)	1995	2000	1952 (Cacao Barry)	2001	2008	2013 (Delfi Cocoa)	2009	2011	1941 (Delfi Cocoa)
Facilities	Cocoa factory	Cocoa factory	Chocolate factory	Cocoa factory	Cocoa factory	Bean cleaning facility	Cocoa factory	Cocoa factory	Chocolate and cocoa factory	Cocoa factory	Chocolate factory	Chocolate factory	Cocoa factory
Employees	281	270	129	322	227	14	121	97	356	394	172	140	32
Doctor/nurse on site	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No	No
Medical exams	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vaccinations	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	No
HIV/AIDS education and support	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
Health insurance or other medical care	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Warm meals on factory premises	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes
Housing/home ownership opportunity	Yes	No	Yes	Yes	No	No	No	Yes	No	No	No	Yes	Yes
Transportation to/from work	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	No	Yes	No
Education support/school fees	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes
Sports activities	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No



Sustainability in Innovation

Barry Callebaut is the global leader in chocolate and cocoa innovations. For many years, innovation has been one of the strategic pillars of our corporate strategy.

COCOA FLAVANOLS PROMOTE HEALTHY BLOOD CIRCULATION

The EU Commission approved Barry Callebaut's health claim submission on cocoa flavanols in September 2013. The company received the right to use the health claim that "cocoa flavanols help maintain the elasticity of blood vessels, which contributes to normal blood flow" – the first in our industry. Barry Callebaut was able to provide evidence that a daily intake of 200 mg of cocoa flavanols (provided by 2.5 g ACTICOA® cocoa powder or 10 g ACTICOA® dark chocolate) supports a healthy blood circulation. Customers who use ACTICOA® products may also use the health claim.

Since innovation is a critical need for customers, too, we offer a comprehensive range of services in the areas of product development, processing, training and marketing.

Our innovation teams are based across the globe, close to our customers, and conduct research and development in two main areas: cocoa science and new product applications. Each year, Barry Callebaut manages approximately 2,000 R&D projects, 7,600 trials and 400 technical visits with customers. More than 50% of our innovation projects go on to become commercially successful.

One of the fundamental consumer trends unfolding is to responsibly design, source and manufacture consumer products – and we intend to seize the opportunities this will bring. A major area of focus is the "better for you" category of chocolate. Barry Callebaut is therefore investing significantly in developing new technologies and recipes to help customers respond to growing demand in this category.

Enhancing natural benefits

Chocolate products can provide specific health benefits. We are working to conserve the health benefits which are naturally present in cocoa, such as flavanols (see left), through improved cocoa bean fermentation techniques. The resulting products generate benefits to both farmers and consumers.

Barry Callebaut is also at the forefront of research into fiber, vitamin, protein, and mineral fortification of chocolate products to meet the demands of specific target markets.

Rebalancing products for health

Enjoyed in moderation, chocolate is part of a healthy and balanced diet. Against the background of increased obesity, however, the industry is working to offer products with fewer calories, reduced sugar content and lower trans fats. We are reducing calories through the use of sugar alternatives, such as Stevia, and are developing recipes with lower trans fats. Approximately 95 % of fats used in our products are free of trans-fatty acids.



No compromises on food safety

Product quality is of utmost priority at Barry Callebaut. Customers depend on us to provide consistently high-quality products, and maintaining their trust is vital. We put great emphasis on quality assurance programs that cover all customer relationships.

Our products are systematically assessed for quality and food safety at every stage of our business. Our quality assurance programs cover raw materials procurement, research and development, from product development to manufacturing, storage, distribution and supply.

We purchase only from approved suppliers that are screened to meet our specifications and requirements. We continue to monitor the quality and performance of the supplied materials throughout the contract period, using our Supplier Evaluation System.

All Barry Callebaut factories work according to Global Food Safety Initiative (GFSI) benchmarked food safety and quality standards and are audited by independent certification organizations. Good Manufacturing Practices and the Hazard Analysis Critical Control Points (HACCP) program are also central to our ability to consistently deliver high-quality performance.

To meet growing consumer demand for information, we work closely with customers. Alerts about potential allergens (such as nuts, soy and wheat) and information about food additives are just part of the comprehensive information we provide on products. A centrally managed SAP monitoring system helps to identify risks and we actively work to minimize allergen cross-contact in our plants.



Working with customers

As an innovative, fully integrated chocolate and cocoa company, we are well-positioned to meet and even exceed our customers' expectations. We aim to help our customers on their journey toward sustainability, too.

Meeting customer requirements for responsibly grown cocoa

Customer demand for responsibly sourced products continues to grow. More than 100 industrial customers in Europe now use chocolate made with cocoa from our Quality Partner Program (QPP). All products under the Callebaut™ Gourmet brand are made from QPP cocoa. Our Swiss Gourmet brand Carma® introduced two new chocolate couvertures, Caline and Seline, which are both made from UTZ-certified cocoa from Venezuela.

Barry Callebaut is the only chocolate manufacturer to offer all major certifications (see page 14). This has not been achieved overnight, however; Barry Callebaut has offered Fairtrade products since 1993 and Organic products since 1995.

While our main focus is on cocoa, we are working to certify other raw materials, too. Since palm oil is used for compounds and fillings, all European factories have switched their supply of refined palm oil to be fully segregated and 100% certified by the Roundtable on Sustainable Palm Oil (RSPO). In Asia-Pacific and North America, we offer solutions tailored to specific customer needs.

We regularly communicate with customers on sustainability issues to build awareness and understanding. Our Sustainable Cocoa Day conference in April 2013 gave European food manufacturers, including over 50 QPP customers, an insight into our sustainability initiatives.

Developing long-term partnerships

Barry Callebaut has signed a number of long-term outsourcing and partnership agreements with customers. We are a cocoa and industrial chocolate supplier to Mondelez under a long-term global master product agreement and we collaborate in the area of sustainable cocoa. Unilever and Barry Callebaut signed a joint business development plan in December 2012. As part of this, our two companies will work collaboratively to make the chocolate value chain more sustainable. We also work with The Hershey Company to foster education in rural cocoa communities. We jointly built a primary school, community and farmer training center in Abokro, Côte d'Ivoire, which was opened in October 2013.



Cocoa partnerships

The sustainability challenges facing the cocoa value chain are highly complex. Solving these issues will require innovative and multistakeholder approaches. We therefore work in a growing number of cross-sector partnerships with industry, NGOs, governments and others.

Barry Callebaut aims to take a leadership role, mobilizing others and calling for action. In 2012, we brought together 200 business leaders, NGOs, government representatives and thought-leaders for the first CHOCOVISION conference in Davos. Delegates jointly explored and initiated new approaches and solutions for a sustainable, successful chocolate future. The next CHOCOVISION conference is in preparation and will take place in June 2014.

At the first World Cocoa Conference, organized by the International Cocoa Organization (ICCO) in November 2012 in Abidjan, Côte d'Ivoire, Barry Callebaut called upon cocoa industry stakeholders to work together to find solutions to the critical question: Who will finance the road to prosperity for cocoa farmers? More than 1,200 cocoa sector stakeholders from 46 countries participated in this new annual conference and adopted the Global Cocoa Agenda, outlining the key issues facing the cocoa sector and the best strategies to tackle them. Barry Callebaut was also among the signatories of the Abidjan Cocoa Declaration outlining a course of action to bring about major changes in the cocoa sector. The Agenda and the Declaration aim to move the entire sector onto a path of sustainable development that will benefit all stakeholders along the cocoa value chain.



World Cocoa Foundation (WCF)
As a member of the World Cocoa Foundation, we help to fund development projects that benefit farmers in cocoa-growing regions by advancing principles of economic growth, ecological balance and social progress. Barry Callebaut is a member of the Executive Committee.

WCF Cocoa Livelihoods Program
Barry Callebaut has joined the World Cocoa Foundation, the Bill & Melinda Gates Foundation and other industry members to improve the livelihoods of approximately 200,000 cocoa farming households in West and Central Africa.

WCF African Cocoa Initiative
WCF/ACI is a public-private partnership that will double productivity for 100,000 cocoa farms through the strengthening of institutions, and in doing so, raise farmer incomes by 150–200 %.



Cocoa Sustainability Partnership (CSP)
This initiative is developing a roadmap which aims to triple cocoa production in Indonesia by 2020. Barry Callebaut is a member of the Board.



International Cocoa Initiative (ICI)
This partnership between civil society organizations, labor unions and the chocolate industry aims to offer a real and sustainable solution to the worst forms of child labor and forced labor in the cocoa supply chain. Barry Callebaut is a member of the Board.

Child Labor Cocoa Coordinating Group (CLCCG)
Representatives of the governments of the USA, Côte d'Ivoire and Ghana work with the cocoa and chocolate industry to significantly reduce the worst forms of child labor in cocoa-growing areas of Côte d'Ivoire and Ghana.



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Next steps on our journey

Demand for chocolate and cocoa continues to rise and our business is growing. Despite expansion, the focus of our sustainability strategy will remain the same: cocoa farmers.

We aim to help farmers increase their yields and income by improving their farming practices. We help them learn the basics of agronomy and good agricultural practices, as well as specific techniques, such as Yield Enhancement or Controlled Fermentation.

Our new Cocoa Center of Excellence in Côte d'Ivoire will strengthen our cascade training. By advancing research and training trainers, we will disseminate knowledge to even the most remote communities through our network of farmer academies and farmer field schools. We are also improving access to water, basic healthcare and primary education in cocoa farming communities.

To date, the bulk of our activities have focused on West Africa, especially Côte d'Ivoire, where more than 50 Barry Callebaut employees work with cocoa farmers on the ground. As the geographic reach of our business grows, we are expanding our focus. In particular, we will extend our activities to Indonesia, where we now have two factories and a stronger sourcing base, in addition to West Africa.

We still have a long journey ahead in order to achieve our vision of sustainable cocoa. Nevertheless, we are committed to travelling this path and working with others along the way. Engaging and partnering with stakeholders will help us refine our sustainability strategy further, based on the changing environment and evolving expectations. Our 2014 Chocovision conference on 17–19 June will bring together more than 200 senior leaders and decision makers from business, governments, international and national institutions, NGOs and science to discuss strategic issues of concern to our industry in a holistic manner. We hope that such joint discussion and debate will enable our industry to progress faster.

In our own business, too, we will continue to embed sustainability into our structures, systems and practices. We will continue to reduce our carbon footprint and other environmental impacts. We will further develop and empower our employees. Finally, we will expand how we report and communicate about our journey towards sustainability. All of these activities will help to add momentum to our journey.

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